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**Subject** Gresham Middle Housing Project, Phase II – SB 458/Middle Housing Land Divisions

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## GRESHAM MIDDLE HOUSING PROJECT OVERVIEW

The Gresham Middle Housing project is spread over two phases. Phase I focuses on draft amendments for House Bill 2001 (HB 2001) compliance. HB 2001 is the landmark legislation requiring cities of a certain size to broadly permit a range of middle housing types in residential zones. Phase II is a parallel project that will result in draft amendments for Senate Bill 458 (SB 458) compliance. SB 458 is a bill related to HB 2001 that amends Oregon revised statutes governing land divisions. This bill is focused on promoting more opportunities for home ownership by allowing land divisions so middle housing units may be on their own lots. Phase II will not change any of the outcomes from Phase I of this project; rather Phase II will continue to further implement required and desired amendments identified throughout Phase I.

This memo summarizes the key findings of a review of the Gresham Community Development Code (Development Code) and outlines the changes anticipated to comply with Senate Bill 458. This memo also provides information on how SB 458 is related to HB 2001 and what steps the city will need to take to amend the Development Code to comply with SB 458.

### **Phase I: House Bill 2001 Overview/Draft Amendments**

Phase I of the Gresham Middle Housing project focuses on updates to the Development Code to ensure compliance with HB 2001. The middle housing rules adopted by the state sought to address the statewide housing crisis. The two main goals of HB 2001 are housing availability and housing attainability. By allowing more housing (including more compact homes and multiple homes on individual lots), the bill will increase the availability of housing options attainable by a greater number of Gresham and Oregon households. Code amendments to meet these goals and comply with HB 2001 were developed and reviewed with the Planning Commission at five work sessions. Changes proposed in the draft code amendments include:

- Permitting duplexes on any lot that allows detached single dwellings.
- Permitting duplexes, triplexes, quadplexes, townhouses, and cottage clusters in any area zoned to allow detached single dwellings (fifteen land use and plan districts in Gresham).
- Site standards addressing density maximums, setbacks, maximum height, lot width, floor area ratios, and minimum on-site parking spaces for middle housing.
- Additional site standards for townhouse and cottage cluster housing types.
- Design standards for single detached and middle housing specific to the Gresham context for entry orientation, window coverage, side wall articulation, rear height limits, sustainable design, driveway approach, garage/parking location and width, private and shared open space, cottage building footprints, and pedestrian connections.
- Additional design standards specific to townhouses and cottage clusters.

The changes were developed with input from the public captured by surveys, virtual open houses, five Planning Commission work sessions, one Design Commission work session, and two Council work sessions. Recommendations were presented to City Council on November 2, 2021. Adoption is targeted for Spring of 2022 to comply with the June 30, 2022, state compliance deadline.

**Phase II Overview**

Draft middle housing land division code amendments address concerns the Planning Commission raised during Phase 1 of the project, such as:

- A desire to increase options for home ownership of middle housing units; and
- Clarification of City’s ability to require adequate street improvements and infrastructure facilities to handle the increase in residential units.

Over the summer, city staff continued efforts to address these and other issues, and they will be a focus of the second phase of work incorporating middle housing land divisions. As stated above, this work will not change any of the draft amendments developed in Phase I. Specifically, this phase will:

- Update the Development Code to allow the division of lots for individual middle housing units under certain criteria and procedures.
- Run simultaneously with Phase 1 through joint adoption in Spring of 2022.
- Hold two Planning Commission work sessions (January 10 and February 28) to review findings and recommendations and one City Council work session (March 15).
- Incorporate middle housing land division amendments into the full package of code amendments for Phase I and Phase II.
- Educational material will be shared online (along with a survey) in mid-January, 2022 and presented graphically in a user-friendly, accessible handout format in mid-February, 2022.

Phase II work will be incorporated into a full draft of all proposed middle housing code changes for work session discussion by Planning Commission in late February and Council in March. See the table below for an overview of both phases.

<b>Figure 1: Gresham Middle Housing Project Timeline</b>				
<b>Phase I: HB 2001 Middle Housing Amendments</b>		<b>Phase II: Land Division Amendments</b>		<b>Phases I and II: Adoption</b>
September – December 2020	January 2021 – March 2022	October 2021 – January 2022	January – March 2022	April – June 2022
HB 2001 Code Audit – Code Concepts	Draft Middle Housing Code Amendments	SB 458 Code Audit/Concepts (this phase)	Draft Middle Housing Land Division Code Amendments	Adoption/Enactment

## SB 458 OVERVIEW

SB 458 is a follow-up bill related to middle housing that amends Oregon Revised Statutes (ORS) to allow land division for middle housing types. The intent of the bill is to promote home ownership and further facilitate the development of middle housing. The bill accomplishes this goal by requiring jurisdictions to permit lot divisions for middle housing in certain situations. This promotes homeownership by enabling homes and lots to be sold or owned individually. For example, currently a duplex cannot be divided into two units each on their own lot. A duplex must sit on one lot. Amendments to the Development Code would allow each unit to sit on its own lot so each unit could be owned, purchased, and sold individually.

Any new middle housing created through a middle housing land division (on or after June 30, 2022) would need to be compliant with all the standards developed as part of Phase I of this project. e.g., new middle housing must meet all siting and design standards. Middle housing units will not look any different as a result of these SB 458-related amendments; the only difference will be where the lot lines are and what ownership opportunities are available

Some important things to note about SB 458:

- SB 458 permits one dwelling per lot, e.g., an applicant developing a triplex could not place two units on one lot and one unit on another lot or divide a property with stacked units.
- Street frontage improvements can be required if they weren't required by an earlier land use review.
- Separate utilities must be provided for each unit and easements are required to provide for pedestrian access, common areas, driveways and parking areas, and utilities.
- A city is not required to permit an ADU on a lot or parcel resulting from a middle housing land division.
- The middle housing land division application is required to undergo an expedited review and is not considered a land use decision.

Gresham is required to adopt the policies and procedures for middle housing land divisions by July 1, 2022. These code amendments will be adopted at the same time as the HB 2001 code amendments outlined above.

## MIDDLE HOUSING LAND DIVISIONS CODE AUDIT PRELIMINARY FINDINGS

### **Code Audit Preliminary Findings**

The Development Code has eleven articles covering how the code is to be used, definitions, land use districts (including plan districts and overlay districts), land divisions, design review, common requirements, supplementary development regulations, and procedures. Two additional articles cover plan map amendments and varied appendices. While code amendments associated with Phase I of this project were broad reaching and impacted many articles of the Development Code, code amendments required for Phase II will primarily impact Article 6 – Land Divisions.

Article 6 addresses the processes used to divide lots or parcels of land. A land division creates new lots or parcels by dividing land. Currently this procedure is processed as a Type II procedure and is a

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multi-step process that takes at least seven months. Service agreements and planning for the construction of utilities to each unit (e.g., water, sanitary, stormwater) is required before lots are final. An optional process for Planned Developments (PDs) is outlined in Article 6.0300. This alternative is intended to encourage conservation of natural features and creation of public and private common open spaces.

The existing requirements in Article 6 will not change. The primary amendment to Article 6 will be the addition of the middle housing land division process. This will include separate procedures and requirements distinct from land division procedures such as partitions and subdivisions. The middle housing land division will not be a land use decision, and will include a 63-day expedited and limited review per State statute.